

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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Statement by Senator Kent Conrad (D-ND) Reacting to
Testimony of Federal Reserve Board Chairman Alan Greenspan
Before the Senate Banking Committee
February 11, 2003

I welcome Federal Reserve Board Chairman Alan Greenspan's repeated warnings today about the dangers of rising deficits. I hope my colleagues were listening to Chairman Greenspan's clear and unambiguous remarks about the importance of curbing deficits. In his view, and in my view, deficits do matter.

Chairman Greenspan told the Banking Committee, "There's no question that, as deficits go up, it does have an effect on long-term interest rates.... It does have a negative effect on the economy, unless it is attended to."

Chairman Greenspan's concern about growing deficits reinforces my view that the nation cannot afford the President's additional long-term tax cuts, which will increase deficits by \$1.8 trillion over the next 10 years. These bigger deficits will lead to higher interest rates, reduced investment, and slower long-term economic growth.

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